

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

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CLASSIFICATION AND FEES FOR
WEIGHT-AVERAGED NONLETTER-SIZE
BUSINESS REPLY MAIL, 1999

Docket No. MC99-2

**MOTION OF UNITED STATES POSTAL SERVICE
FOR WAIVER OF CERTAIN FILING REQUIREMENTS INCORPORATED IN THE
COMMISSION'S RULES OF PRACTICE AND PROCEDURE
(March 10, 1999)**

In conjunction with the filing of the Request in the above-captioned proceeding, the Postal Service, pursuant to Rule 22 and other pertinent provisions of the Commission's Rules of Practice and Procedure,¹ hereby requests waiver of certain subsections of Rules 54 and 64 pertaining to information required to be submitted in rate and classification proceedings. Specifically, the Postal Service requests that it not be required to provide pertinent information specified in Rules 64(b)(3), 64(d), and 64(h). Rules 64(d) and 64(h), furthermore, refer to and incorporate provisions of Rule 54 applicable to requests for changes in rates and fees. To the extent they are deemed applicable, either independently or through Rule 64, the Postal Service requests waiver of Rules 54(b)(3), 54(d), 54(f)-(h), 54(j), 54(k) and 54(l)(ii), as specified below and in the Postal Service's Request (Attachment F).

Rule 64(h) requires that information specified in Rule 54 must be provided if a proposed classification change would result in either (1) changes in the rates or fees for any existing class and subclass, (2) the establishment of a new class or subclass for which rates are to be established, (3) a change in the relationship of costs to revenues

¹ The Rules are codified in 39 C.F.R. §§ 3001.1, *et seq.*

for any class or subclass, or (4) a change in the relationship of total Postal Service costs to total revenues. Rule 64(h)(3) provides that these requirements may be waived, if the Commission determines it has been demonstrated that the proposed changes in the classification schedule do not significantly change rates and fees or the cost-revenue relationships referred to in the rule.² Because of the limited nature and applicability of the changes proposed in this docket, the Postal Service submits that waiver of these requirements in this instance is warranted.

There are several reasons why waiver of the pertinent rules requiring production of information is appropriate with respect to the proposed classification for weight-averaged nonletter-size Business Reply Mail (BRM). Fundamentally, the proposals would not change current rates and fees for any existing category of mail or special service. Consequently, the first category outlined in Rule 64(h)(1) applies.

To the extent the creation of a permanent classification for weight-averaged nonletter-size BRM establishes a new special service, or to the extent that total cost-revenue relationships might be implicated by its creation, the Postal Service submits the proposal would not result in significant changes to those relationships warranting application of the specific requirements of Rule 54.

For instance, Rule 54(b)(3) calls for information identifying the degree of economic substitutability among mail classes and postal services. Rule 54 (d) includes a requirement for data about distance traveled by mail pieces, a factor of little importance to the BRM proposal at issue here. Rule 54(f) calls for the provision of

² Rule 54(r) specifies that the Commission may waive the requirements of Rule 54 if it determines that it has been demonstrated that the proposed change in rates or fees does not significantly change existing rates and fees or alter the cost-revenue relationships of the various classes and types of postal services. To the extent that Rule 54 is deemed to apply independently to the Postal Service's proposals in this proceeding, the Postal Service requests waiver under this provision as well.

detailed and extensive information regarding the total functionalized accrued costs of the Postal Service, including test year estimates. Rule 54(g) calls for total accrued costs for prior fiscal years in a form consistent with the presentation under Rule 54(f). Rule 54(h) calls for the separation of cost estimates attributed and assigned to each class and subclass of mail and an explanation of the methodology used to derive such costs. Rules 54(j) and (k) call for the provision of actual estimated revenue and volume information for classes and subclasses for past and prospective fiscal years, as well as a demand analysis. Rule 54(l) requests billing determinants for categories of mail and special services at current and proposed rates, and certain volume information for Standard (A) mail, by ounce increment and shape.

To the extent that this information is not already provided in the testimony of Postal Service witness Kiefer (USPS-T-4),³ the Postal Service submits that establishment of the proposed classification would not result in significant changes in cost-revenue relationships for any specific classes or subclasses, or in total cost-revenue relationships. The Postal Service has proposed the establishment of a new BRM classification which appears to have the potential to affect the relatively small nearly 16 million pieces per year. See Docket No. MC99-2, USPS-T-2 at 8. With regard to the fee changes proposed, the cost and revenue effects are described in Exhibit USPS-4A. As shown there, the net effects on total costs and revenues resulting

³ Attachment F accompanying the Postal Service's Request indicates compliance with various Commission rules in certain respects, and indicates a request for waiver to the extent the rules are not deemed to be met. The Postal Service believes that the information provided with its filing and incorporated by reference satisfies the production requirements contained in the rules. Insofar as any elements of the rules are not deemed to be satisfied by the Postal Service's filing, however, they should be considered to be within the scope of this request for waiver, for the reasons expressed herein.

from the establishment of this new service are minuscule in relation to a revenue requirement of approximately \$60 billion.

Even if effects on any other categories of mail or special services could be demonstrated to result from these minor changes, those effects would be so small as to be totally inconsequential.

Neither the effects of the proposed classification change, as outlined in Rule 64(d), nor the effects of the fee changes, and consequent cost-revenue implications, as outlined in Rule 64(h) (and in the provisions of Rule 54 incorporated by it), would warrant application of these detailed information requirements. As for the provisions requiring statements of economic substitutability among classes and subclasses, contained in Rules 64(b)(3) and 54(b)(3), estimates of cross-elasticities between nonletter-size BRM which would be subject to the weight averaging accounting method and that which would not, even if it were possible to develop, would not be available, since weight-averaged nonletter-size BRM represents a new service for which historical demand information is not available. In any event, this relationship is already addressed in the testimony which estimates the potential volume that might convert to weight averaging.

In summary, the requested changes in the Domestic Mail Classification Schedule for weight-averaged nonletter-size BRM are very narrow and specific. Except for providing an alternative for existing nonletter-size BRM, it will not affect the vast majority of postal products and services.

Accordingly, the Postal Service requests that the provisions of Rules 54 and 64 of the Commission's Rules of Practice and Procedure be waived, except to the extent that the information they require is contained or incorporated in the Postal Service's Request and the direct testimonies and exhibits of witnesses Shields (USPS-T-1), Ellard (USPS-T-2), Schenk (USPS-T-3) and Kiefer (USPS-T-4). Specifically, the Postal Service requests a waiver of the provisions of Rule 54, operating independently and

through Rule 64(h), that require information pertaining to total costs, revenues, and volumes, and to costs, revenues, and volumes associated with categories of mail and special services other than weight-averaged nonletter-size BRM. In accordance with Rule 22, the Postal Service submits that waiver would be in the public interest in helping the Commission to expedite resolution of the Postal Service's Request, which will lead to creation of a valuable service for the recipients of nonletter-size Business Reply Mail.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

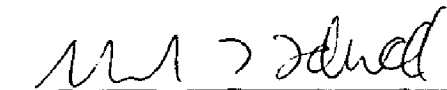
Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking



Michael T. Tidwell

CERTIFICATE OF SERVICE

I hereby certify that I have this day attached a copy of this Motion to each copy of the Request which will be served upon all parties upon notice to the Postal Service of their intervention in this proceeding.



Michael T. Tidwell

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